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C South Vietnam: Although enemy attacks dropped off somewhat on 16-17 March, following the weekend upsurge, heavy ground fighting continued east of Saigon.

Over 200 Communists have been killed so far near Xuan Loc, east of Saigon, as the enemy maintains heavy pressure on allied positions in Long Khanh and Bien Hoa provinces. Units of the Communists' 275th Regiment--some 1,250 men--continued to encircle a South Vietnamese battalion in the much-battered village of Binh Hoa, north of Xuan Loc. Physical destruction has been great, and there is a heavy flow of refugees from the area.

Meanwhile, units from another Communist regiment in nearby Bien Hoa Province conducted a night assault against the defensive perimeter of elements of the US 1st Air Cavalry Division, overrunning one outpost and temporarily breaching the perimeter.

Enemy forces were also active along the western approaches of Saigon, and 81 enemy troops were killed in unsuccessful attacks on allied positions there.

another North Vietnamese regiment, the 101D with normally about 1,600 men, moved to III Corps from the highlands in December and rejoined its former parent unit, the North Vietnamese 1st Division, in Tay Ninh Province. This would bring to 23 the number of enemy regiments operating in the III Corps - Saigon area.

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In another attempt to improve the status of the National Liberation Front, the Communists are trying to give the impression that there is a foreign ambassador accredited to the Front and resident

C in South Vietnam. Cuban Ambassador Raul Valdez Vivo has been accredited to the Front for two years, but he has served concurrently as ambassador to Cambodia and has lived there. He is now being replaced in Phnom Penh, however, and Liberation Radio claims he personally presented his credentials to Front Chairman Nguyen Huu Tho on 4 March. This is presumably part of the Communist campaign to portray the Front as an effective alternative to Saigon. [Map]]

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Korea: On 16 March, four North Korean infiltrators attacked a police station on South Korea's east coast about 55 miles south of the Demilitarized Zone.

This is the first armed infiltration since some 120 guerrillas landed along the east coast last November. The raiders, who were dressed in South Korean military uniforms, killed one policeman and a civilian and planted a time bomb in the police station before shooting their way out of the harbor and sailing north. The attack probably was coordinated with current North Korean harassment along the Demilitarized Zone. This activity in turn is connected with US - South Korean military exercises being held southeast of Seoul.

Pyongyang also may be preparing to resume soon its reconnaissance and agent infiltration operations along the truce line. [redacted]

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UK-Nigeria: Prime Minister Wilson hopes his talks in Lagos next week will produce some concessions from the federal government on immediate and long-term issues of the civil war.

Parliamentary Undersecretary Foley says that Wilson hopes to get something "forthright" from the Nigerian Government on bombing and relief, and also more precise terms for a cease-fire and a settlement. Wilson last week easily won a parliamentary test of his policy of supplying arms to the federal forces, but there is still much criticism of the UK's Nigerian policy.

Federal Nigerian leader Gowon's willingness to meet with Wilson at this time, despite rising anti-British sentiment in northern Nigeria, probably reflects concern that domestic pressures in the UK might eventually force a cutback in British arms supplies, leaving Lagos dependent on the USSR and European commercial sources. Gowon probably will try to oblige Wilson with helpful public statements on federal bombing and relief policies. He is unlikely, however, to soften any basic federal positions, especially Lagos' insistence that a cease-fire can only come when Biafra renounces its secession. [redacted]

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[Warsaw Pact: The Warsaw Pact states yesterday agreed quickly and unanimously to modify the Pact's command structure.

The communique issued at the end of the short summit meeting in Budapest suggests that the Russians have, at least nominally, succeeded in drawing the member states into closer military cooperation. Rumania's readiness to subscribe to the new arrangements may mean that, in practical terms, little has changed.

The communique stated, without further elaboration, that the participants had approved "new regulations on combined armed forces and combined commands." The communique also hinted that, in exchange for fuller integration of command, the ministers of defense of the member states would have a larger voice in Pact decision-making.

The brevity of the meeting--formal sessions lasted only two hours with Czechoslovakia's Dubcek in the chair--indicated that there was no contention over the alterations. The Rumanians, who have long resisted Russian efforts to obtain control over Rumania's armed forces, could have been expected to put up a fight if far-reaching changes had been entailed.

Just as other meetings of bloc leaders in recent years had, yesterday's gathering issued a general appeal for all-European cooperation on questions of security. [redacted]

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Poland: The government has picked Sunday, 15 June, as the date for national and local elections, which are held every four years.

In theory, all 460 seats in the Sejm (parliament) as well as thousands of local posts are at stake, but the traditional Communist-selected single slate ensures continued Communist Party control over government activities at all levels.

As usual, there probably will be more candidates than there are seats to be filled. The extent of this numerical difference will indicate how much "choice" the regime is willing to grant the voters. Recent publicity for Poland's two small puppet parties suggests that the Communists will stress the "multiparty" character of the government in the pre-election campaign, while emphasizing that all three parties are united in purpose.

The elections will give the Communists a chance to keep the government bureaucracy on all levels responsive to the line set down at the party congress last November. The formal appointment of a new cabinet following the elections could result in some shifts in the upper echelons of the leadership.

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Spain: The government is taking steps to increase its legal powers to deal with unrest.

The parliament's national defense committee has approved a bill providing wide discretionary authority for full or partial mobilization of Spanish enterprises, property, and persons as necessary to meet the needs of war or "exceptional situations." The government reportedly had discovered that it does not have legal authority for mobilization if this measure should be needed to supplement the present state of emergency powers, invoked during the student demonstrations last January.

The wide press coverage of the committee hearing on the bill shows that the government wants to publicize its determination to arm itself with all necessary statutory powers to maintain order in an emergency. Some popularly elected members of the committee tried unsuccessfully to define more precisely the conditions under which the government could declare a state of mobilization. [redacted]

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India: New Delhi may at last be making progress in its effort to put down protracted tribal insurgency in Nagaland, the eastern district of India where fighting has been going on for 13 years.

The capture by Indian security forces of the rebel leader most responsible for Naga contacts with China--along with about 200 of his armed followers--is a serious blow to the Naga rebel faction which advocates active insurgency. The militant Nagas were already in disarray; they had been unable for several weeks to infiltrate tribesmen armed by the Chinese back into Nagaland past Indian border patrols, and had been harassed by Indian security forces.

New Delhi, meanwhile, has been encouraged by the orderly Nagaland state legislative assembly election in February. The voting gave a solid majority to candidates who oppose rebellion and accept Nagaland's present status as a state within the Indian Union. Extremists had threatened to disrupt the election, but 80-90 percent of the electorate voted without serious incident. This was in contrast to 1964, when rebels fired on polling booths, threatened candidates, and intimidated voters.

Militant Nagas are still capable of making trouble, but the elections have reinforced the stature of the loyal state government. These developments will probably give New Delhi an opportunity to push its economic aid program--the largest per capita for any state in India--and to transfer, as it has wished to do, more of the normal state responsibilities to the Nagaland government.

A less militant rebel faction, which has come to eschew violence, is now the best organized of the underground groups. It has close contacts with

some leading members of the state government, and it may urge them to reopen negotiations with New Delhi to obtain more autonomy for the state, but this faction is unlikely to resort to arms even if New Delhi rejects such overtures. [redacted]

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Costa Rica - USSR: The pressure of increased competition for new coffee markets from other Central American countries and Costa Rica's serious fiscal and balance-of-payments problems may cause it to expand its economic relations with the USSR.

A Soviet trade delegation in San Jose last week at the invitation of Costa Rican coffee producers said the USSR would consider buying additional coffee but expects to sell Soviet products in return. The delegation reportedly mentioned heavy duty electrical equipment in particular. The Soviets also offered a credit to improve the port of Limon on Costa Rica's Caribbean coast.

Late last year the USSR made its first significant purchase of Costa Rican coffee, buying almost one third of San Jose's 1968-69 coffee surplus for \$5 million.

While in San Jose, the Soviet delegation visited Manuel Mora, the secretary general of the Costa Rican Communist Party, who has been involved in the negotiations for coffee sales to the USSR.

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Uruguay: A financial scandal and the increasing effectiveness of a daring terrorist organization could result in cabinet changes.

Last month the Tupamaros, a clandestine leftist-extremist terrorist organization which operates with relative impunity, broke into the offices of a prominent finance company and stole its records. The books allegedly revealed that several important government personalities, including cabinet ministers, were involved in illegal operations.

The financial institution did not report the theft, so the Tupamaros sent photocopies of the incriminating documents to the press, much to the discomfort of the government. A public scandal has now started and leftist papers are calling for an investigation of the entire Uruguayan banking system.

This is the second major scandal to hit the Pacheco government in less than a year. The first, which forced some high-level government resignations, was connected with the alleged enrichment of officials who had prior knowledge of the currency devaluation last April. The President has been embarrassed by his obvious inability to control the Tupamaros, and by their exposure of corruption at a time when he is asking all Uruguayans to accept fiscal austerity.

At any rate, a cabinet reshuffle has been rumored for some time. President Pacheco is anxious to overcome the minority position of his government and may hope to do so by offering cabinet posts in exchange for support from dissident political factions. [redacted]

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NOTES

USSR-Benelux: Moscow has offered to negotiate trade and cultural agreements with Belgium and Luxembourg, and has asked Foreign Ministers Harmel and Thorn to visit Moscow for the "signing ceremony." Harmel had already agreed to visit the USSR after the NATO meeting in April. The Soviets signed a cultural agreement with The Netherlands in 1967 and,

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[REDACTED] The initiative is part of Moscow's effort to strengthen contacts with the West following the invasion of Czechoslovakia. [REDACTED]

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Costa Rica: Dissidents of the two traditional political groups are planning a mass rally on 27 March to announce the formation of a new party. The dissident leaders, former vice president Virgilio Calvo and congressman Rodrigo Carazo, had fought for the presidential nomination of the traditional parties but were defeated by two ex-presidents who have long dominated the political scene. A third party is likely to attract many young liberals and independents who are unenthusiastic about the present lineup for the 1970 election.

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